

# The American Recovery and Reinvestment Act

A Report for  
New York's 18<sup>th</sup> Congressional District



Issued by  
Congresswoman Nita Lowey (NY-18)

February 12, 2009

The *American Recovery and Reinvestment Act* will create or save 3.5 million jobs, including a projected 7,500 in Congresswoman Lowey's district. It will provide direct relief for working Americans in the short term while investing in priorities that put our economy on a sustainable track for the long term.

Among the most important provisions in this legislation are tax relief for working families and investments in health, education, and transportation projects that create jobs and relieve the strain on state governments and local taxpayers. This aggressive federal investment is critical at a time when job loss, home foreclosures, and instability in financial markets have threatened the financial security of millions of Americans.

This report estimates the projected impact of *American Recovery and Reinvestment Act* in New York State and the 18<sup>th</sup> Congressional District (parts of Westchester and Rockland Counties). The estimates are based on national allocations agreed to by the House-Senate conference committee and existing formulas for funding distribution.

### **Tax Relief for Working Families**

The *American Recovery and Reinvestment Act* contains a Making Work Pay tax reduction for working families, which will provide a refundable tax credit of up to \$400 for working individuals and \$800 for working families. This tax credit would be calculated at a rate of 6.2 percent of earned income and would phase out for taxpayers with adjusted gross income in excess of \$75,000 (\$150,000 for married couples filing jointly).

According to the U.S. Census, 48 percent of individuals in Westchester County earn less than \$75,000 per year and 69 percent of families filing jointly earn less than \$150,000. This would result in tax relief for more than 320,000 households in Westchester County.

According to the U.S. Census, in Rockland County, 46 percent of individuals earn less than \$75,000 per year and 75 percent of married couples filing jointly earn less than \$150,000. This would result tax relief for more than 95,000 households in Rockland County.

### **Alternative Minimum Tax**

The *American Recovery and Reinvestment Act* provides a one-year fix for the Alternative Minimum Tax, which would otherwise affect more than 20 million taxpayers at an average cost of \$2,000 per household in 2009

In 2008, an estimated 98,626 households in New York's 18<sup>th</sup> Congressional District, two-thirds of whom earn less than \$200,000 in Adjusted Gross Income per year, would have been forced to pay the Alternative Minimum Tax had a patch not been enacted. In 2007, New York's 18<sup>th</sup> Congressional District was the district in the country most affected by the AMT with 13.5 percent of all tax returns subject to the AMT.

Lowey strongly advocated for a fix to the Alternative Minimum Tax, and her efforts were successful, saving tens of thousands of taxpayers including teachers, police officers, and firefighters from being subjected to an unfair extra tax.

### **Medicaid**

The *American Recovery and Reinvestment Act* provides \$87 billion to increase the federal share of funding for Medicaid to relieve the burden on overstretched states like New York. This could generate an additional \$10-11 billion for New York State to provide health insurance for low-income individuals who may have lost their employer-sponsored health insurance as a consequence of job loss. These funds will enable New York State to lower county matching funds. This will save

Westchester County as much as \$46.7 million and Rockland County as much as \$14.4 million, relieving county property tax burdens.

### **Mass Transportation Projects**

The *American Recovery and Reinvestment Act* provides \$5.4 billion for Public Transit Investment Grants. Of this amount, based on current distribution formulas, New York could receive an estimated \$700 million. The majority of this funding will be distributed by the Metropolitan Transportation Authority (MTA), which operates Metro-North Railroad, Long Island Railroad, Long Island Bus, and New York City Transit.

The legislation will also encourage the use of mass transportation systems by employees through increased tax benefits for employers.

### **Highway Projects**

The *American Recovery and Reinvestment Act* provides \$27.5 billion for Highway Investment Grants. Of this amount, based on the most recent distribution formulas, New York could receive at least \$1 billion. This funding would be distributed by the New York State Department of Transportation (NYSDOT) based on projects that can be commenced within a specified amount of time.

### **Education**

The *American Recovery and Reinvestment Act* provides \$13 billion for Title I (Improving the Academic Achievement of the Disadvantaged) and \$12.2 billion for the Individuals with Disabilities Education Act (IDEA). Of this amount, Westchester County could receive at least \$55 million and Rockland County could receive at least \$24 million.

Additionally, Westchester and Rockland County school districts will receive millions more in federal funding to restore state budget cuts.

### **Medical Research**

The *American Recovery and Reinvestment Act* includes \$8.5 billion for medical research to be distributed by the National Institutes of Health. The majority of this funding is directed to universities, research institutes, and medical centers; a portion of this funding will be distributed directly to businesses through the Small Business Innovation Research Program.

Based on historical NIH grant distributions, New York could receive up to \$746 million (8.7 percent) of this total for research grants or awards. This could generate as much as \$1.5 billion in new state business activity in the form of increased output of goods and services and create approximately 10,000 new jobs.

### **Community Oriented Policing Service (COPS)**

The *American Recovery and Reinvestment Act* provides \$1 billion for the Community Oriented Policing Service (COPS) program. Based on historical hiring figures, this could result in 36 more police officers helping to keep safe the communities in New York's 18<sup>th</sup> Congressional District.

### **Justice Assistance Grants**

The *American Recovery and Reinvestment Act* provides \$2 billion for state and local law enforcement agencies through the Justice Assistance Grants program, to support a broad range of activities to prevent and control crime and to improve the criminal justice system. In recent years, funding has been awarded to law enforcement agencies in Ossining, New Rochelle, White Plains, Yonkers, and Clarkstown. Based on historic distribution, the funding in the bill would provide \$1.11 million to law enforcement agencies in Westchester and Rockland Counties.

### **Transit Security**

The *American Recovery and Reinvestment Act* provides \$150 million for rail and mass transit security. Based on the percentage of funds the New York metropolitan area received last year from the national allocation, the region could receive \$67.7 million to make more secure the trains and mass transit systems commuters and travelers in our region use every day.

### **Weatherization Assistance**

The *American Recovery and Reinvestment Act* provides \$5 billion for landmark provisions to improve the energy efficiency of more than 1 million modest-income homes through weatherization. Following an existing formula that incorporates low-income population, climate, and financial energy burden, New York State could receive at least \$400 million, to help modest-income families on average \$350 per year on heating and air conditioning bills.

### **Emergency Food and Shelter**

The *American Recovery and Reinvestment Act* provides \$100 million for the FEMA Emergency Food and Shelter (EFS) program, which provides immediate

relief for homeless and hungry individuals. Following an existing formula used for EFS funding distribution, Westchester County would receive \$270,000 and Rockland County would receive \$87,016.

### **Wellness and Prevention**

Studies show investing in prevention can lower health care costs by billions of dollars. The *American Recovery and Reinvestment Act* provides \$1 billion for Wellness and Prevention Health Funds. Assuming funding is distributed by population, New York could receive an estimated \$60 million. This could result in Westchester County receiving as much as \$3 million and Rockland County could receive as much as \$900,000.

### **Digital TV Transition**

The *American Recovery and Reinvestment Act* provides \$650 million to address the backlog in the federal coupon program helping households purchase converter boxes to prepare for the transition to digital television broadcasting. The bill will provide a total of \$201,560 in coupons for the 5,039 pending requests from the 18th Congressional District.

### **Water Treatment Infrastructure**

The *American Recovery and Reinvestment Act* includes \$4 billion for the Clean Water State Revolving Fund, which helps states to upgrade and modernize water treatment infrastructure. Of this amount, New York could receive an estimated \$281 million. New York State could use these funds to help Westchester County upgrade and modernize water treatment plants in New Rochelle and Mamaroneck to decrease the level of nitrogen discharged into the Long Island Sound.